

1 AN ACT  
2 RELATING TO MUNICIPALITIES; AMENDING THE SMALL CITIES  
3 ASSISTANCE ACT.  
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5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

6 Section 1. Section 3-37A-3 NMSA 1978 (being Laws 1979,  
7 Chapter 284, Section 3, as amended) is amended to read:

8 "3-37A-3. SMALL CITIES ASSISTANCE FUND--DISTRIBUTION.--

9 A. The "small cities assistance fund" is created  
10 within the state treasury.

11 B. On or before January 31, 2004 and on or before  
12 January 31 of each subsequent year, the local government  
13 division of the department of finance and administration  
14 shall certify to the taxation and revenue department the  
15 population of each municipality in the state.

16 C. On or before the last day of February of 2004  
17 and of each subsequent year, the taxation and revenue  
18 department shall compute the amount to be distributed to each  
19 qualifying municipality as follows:

20 (1) the department first shall compute a  
21 distribution share for each qualifying municipality. The  
22 distribution share shall be an amount equal to the product of  
23 the qualifying municipality's population multiplied by the  
24 difference between the statewide per capita average and the  
25 municipal per capita average less the local tax effort of the

1 qualifying municipality;

2 (2) in 2004 and subsequent years, the  
3 balance in the small cities assistance fund in February  
4 immediately after the distribution to the fund pursuant to  
5 Section 7-1-6.2 NMSA 1978 for the preceding January will be  
6 divided by the number of qualifying municipalities. The  
7 quotient will be rounded down to the nearest dollar and may  
8 be cited as the "target amount";

9 (3) if the target amount determined in  
10 Paragraph (2) of this subsection is less than or equal to the  
11 minimum amount, the target amount is the amount to be  
12 distributed to each qualifying municipality; and

13 (4) if the target amount exceeds the minimum  
14 amount, the amount to be distributed to all qualifying  
15 municipalities whose distribution share equals or is less  
16 than the minimum amount shall equal the minimum amount. The  
17 sum to be distributed to such municipalities shall be  
18 subtracted from the amount in the fund. The target amount  
19 then shall be increased by dividing the balance remaining in  
20 the fund by the number of remaining qualifying  
21 municipalities. The amount to be distributed to each  
22 remaining qualifying municipality shall equal the lesser of  
23 the municipality's distribution share or the increased target  
24 amount. If the distribution share of one or more of these  
25 remaining qualifying municipalities is less than the

1 increased target amount, the balance of the fund is to be  
2 further reduced by the amount necessary to provide for a  
3 distribution to those municipalities of their distribution  
4 shares. The target amount is to be increased again by  
5 dividing the recomputed fund balance by the number of  
6 qualifying municipalities not yet provided for. Successive  
7 iterations of the process to increase the target amount shall  
8 occur until no remaining municipality's distribution share is  
9 less than the increased target amount.

10 D. The state treasurer shall distribute from the  
11 small cities assistance fund on or before March 1, 2004 and  
12 March 1 of each subsequent year to each qualifying  
13 municipality the amount certified by the taxation and revenue  
14 department for each qualifying municipality for the year.

15 E. Funds distributed in accordance with this  
16 section shall be placed in the general fund of the qualifying  
17 municipalities receiving distributions." \_\_\_\_\_

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